

Ruffer Total Return International – Australia Fund

Positive returns with low volatility

During March, the fund price rose by 2.8%. This compared with a rise of 4.0% in the FTSE All-Share index and no change in the FTSE Govt All Stocks index (all figures total returns in sterling). Index-linked gilts and cyclical equities were the main contributors to performance while options, gold and US index-linked bonds were a small drag on returns.

Closing the books on the first quarter, we are pleased to be up 6.5%. Global equities also had a good start – the FTSE All-World was up around 4% as investors started to visualise what a recovery will feel like. Meanwhile, most multi-asset strategies and conventional portfolios were either side of breakeven.

Conventional portfolios have become, by design and by default (via benchmarking), wired to the assets which performed well in the last market regime. That was a period of low economic growth and falling inflation. In a nutshell, this equated to prioritising conventional bonds over inflation-linked bonds, a preference for growth over value and for technology over everything. The problem is that in the new regime these might all be the wrong trades.

Today, we expect an economic boom in the latter half of the year and hopefully into 2022. What is the recipe? Take one part pent up animal spirits, mix with accumulated lockdown savings, pour on lashings of stimulus – serve in a supply constrained glass. Even central bankers are in party mood – they have said they will not take away the punchbowl until we have overshoot policy objectives.

In this world, there will be ample opportunity for businesses that have survived covid to grow sales and earnings – so the premium put on growth stocks will no longer be valid. Expect cyclical and value stocks to perform best. In the bond market, the US ten year yield has more than tripled from the August lows and sits at 1.7%, but it is still lower than where it ended 2019. This is where the real conundrum lies. The Barclays Long Treasury Index is down over 20% since August, its worst fall in 40 years, reminding everyone there is still risk in this supposedly risk-free asset. Rising yields are also starting to cause stresses elsewhere. The tide going out revealed Archegos and Greensill to be swimming naked and gold is down 15% from the autumn peak where we were taking profits.

Our Chief Investment Officer, Henry Maxey, expands upon the idea that traditional portfolios are going to get chomped by ‘Jurassic risk’ in our latest [Ruffer Review](#). Of course, it is possible this is just a cyclical upswing before disinflationary forces reassert themselves, but we think the game has changed.

For the new regime, investors need to be more creative in their diversification and protections. Government and corporate bonds are a mathematically bounded asset class offering low returns and limited protective qualities. We continue to see a competitive advantage in the expertise we have accumulated in unconventional protections and also think index-linked bonds will become a key asset class in the future.

As for inflation, as George Soros said “I’m not predicting it, I’m observing it.” Houses, used cars, microchips, the cost of shipping – it’s happening right now. We have our protections and a game plan in place.

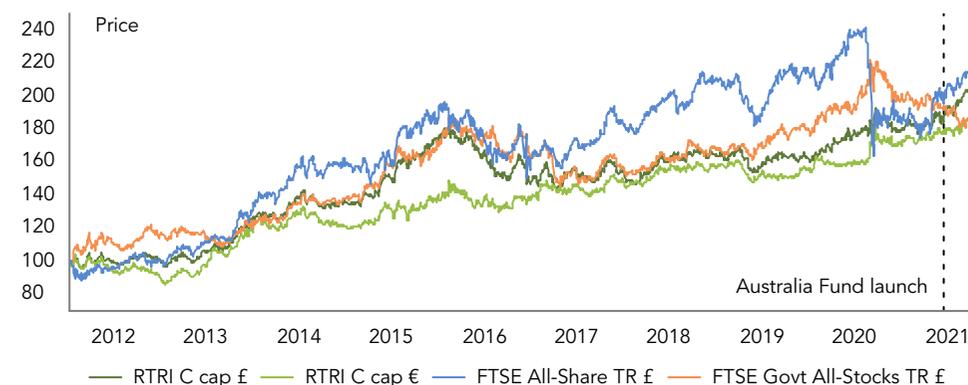
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



Investment objective

The investment objective of Ruffer Total Return International - Australia Fund is to achieve positive returns with low volatility from an actively managed portfolio. The Fund may have exposure to the following asset classes: cash, debt securities of any type (including government and corporate debt), equities and equity related securities and commodities (including precious metals). Overriding this objective is a fundamental philosophy of capital preservation.

Performance since sub-fund launch on 24 December 2020



Unit price	Performance %	As at 31 March 2021	AUD
March 2021	2.8	Unit price	107.17

Source: Ruffer LLP, RTRI – Australia Fund. Past performance is not an indicator of future performance. Current UK regulations require any information provided on past performance must be based on, and show complete 12 month periods, starting after the first complete calendar quarter. Therefore the performance charts and other relevant performance data will be provided after 31 December 2021. As such, the performance chart is that of the Underlying Fund, Ruffer Total Return International, whereas the unit price laid out above is of Ruffer Total Return International – Australia Fund.

12 month performance to March %	2017	2018	2019	2020	2021
RTRI C cap £	13.5	-1.6	-1.2	3.6	22.6
RTRI C cap €	12.1	-2.6	-3.1	2.3	21.9
FTSE All-Share TR £	22.0	1.2	6.4	-18.5	26.7
FTSE Govt All-Stocks TR £	6.6	0.5	3.7	9.9	-5.5

Source: Ruffer LLP, FTSE International (FTSE)† All figures refer to simulated past performance based on the Ruffer Total Return International fund to 31 December 2020 and include reinvested income. Ruffer performance is shown in GBP after deduction of all fees and management charges, and on the basis of income being reinvested. Calendar quarter data has been used up to the latest quarter end and monthly data thereafter.

Ruffer Total Return International – Australia Fund as at 31 Mar 2021

Asset allocation – underlying fund (RTRI)



Asset allocation	%
● Non-UK index-linked	16.6
● Protection strategies	9.6
● Index-linked gilts	9.0
● Long-dated index-linked gilts	7.9
● Gold and gold equities	6.7
● Short-dated bonds	5.5
● Cash	3.5
● UK equities	16.0
● North America equities	9.6
● Japan equities	8.6
● Europe equities	5.5
● Asia ex-Japan equities	1.4

10 largest equity holdings*

Stock	% of fund
Lloyds Banking Group	2.5
iShares Physical Gold	2.3
Barclays	2.1
NatWest Group	1.6
BP	1.5
BT	1.4
Centene	1.3
Charles Schwab	1.2
Ambev SA	1.2
Bristol-Myers Squibb	1.1

5 largest bond holdings

Stock	% of fund
UK Treasury index-linked 1.875% 2022	9.0
UK Treasury 0.125% 2023	5.5
UK Treasury index-linked 0.125% 2068	4.5
US Treasury 0.625% TIPS 2021	3.0
US Treasury 0.875% TIPS 2029	2.6

*Excludes holdings in pooled funds
Source: Ruffer LLP.
Pie chart totals may not equal 100 due to rounding.

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Fund size \$1.4m

Fund information

Asset class	Multi-Asset	
Fund inception date	24 December 2020	
Fund base currency	AUD	
Fund structure	Managed Investment Scheme	
Fund regulator	The Australian Securities and Investments Commission (ASIC)	
Distribution	Annual, although not expected. The year end is 30 June	
APIR	ISIN	ARSN
PIM1038AU	AU60PIM10382	643 278 693
Bloomberg	TBC	
Buy/sell spread	0%	
Minimum initial investment	AUD\$20,000	
Management costs	1.24% per annum of the net asset value of the Fund comprising: Fund level fees and costs of 1.07% Indirect costs of 0.17%	
Dealing Day	Weekly, typically a Thursday*	
Subscription and redemption cut-off	Weekly, typically 2pm Friday*	
Subscription and redemption settlement dates	T+5, typically a Thursday*	
Investment Manager	Ruffer LLP	
Responsible Entity	The Trust Company (RE Services) Limited	
Custodian and Administrator	Mainstream Fund Services Pty Ltd	
Auditors	Ernst & Young	

*The Fund's Dealing Day, subscription and redemption cut-off will be impacted by public holidays in Luxembourg, the UK and/or Australia. A list of the impacted dates is available from ruffer.co.uk/rtri-au

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Fund Managers

Jacques Hirsch

INVESTMENT DIRECTOR

Joined Ruffer in 2011, previous work included fund management and macro research at Goldman Sachs, GLG Partners and Fulcrum Asset Management. Graduated from École Centrale Paris in 1999, and holds an MSc in Mathematics from Oxford University.



Alex Lennard

INVESTMENT DIRECTOR

Joined Ruffer in 2006 after graduating from Exeter University with an honours degree in economics and finance; he is a member of the Chartered Institute for Securities & Investment.



Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 28 February 2021, assets managed by the Ruffer Group exceeded £21.6bn.

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